



June 3, 2002

Mr. Allen J. Fiksdal
Manager, Energy Facility Siting Evaluation Council
925 Plum Street SE, Bldg 4
P.O. Box 43172
Olympia, Washington 98504-3172

BP Cherry Point Cogeneration Project Application for Site Certification

Dear Mr. Fiksdal

BP West Coast Products, LLC (BP) is pleased to submit to the Washington Energy Facility Siting Evaluation Council (EFSEC) the subject Application for Site Certification (ASC) to authorize construction and operation of the BP Cherry Point Cogeneration Project (Cogeneration Project). Portions of this letter are intended to satisfy some of the requirements set forth in Section 2.2 of the Cherry Point Cogeneration Project Potential Site Study dated August 31, 2001.

Project Highlights

ARCO and then BP have operated the Cherry Point Refinery (Refinery) since the early 1970s with an excellent safety and environmental record. The Refinery has an outstanding reputation as a good neighbor to the community, and expects the Cogeneration Project will further enhance BP's reputation in this regard.

The Cogeneration Project offers a clean, efficient way to provide electricity and steam to the Refinery while simultaneously producing needed electricity for the region. BP has designed the Cogeneration Project to minimize its impact on the environment.

- Total air criteria pollutants emitted by the Cogeneration Project will be completely offset by corresponding reductions in emissions from the Refinery made possible, in part, by the steam and electricity provided to the Refinery by the Cogeneration Project. Thus, the region will gain 720MW of power production without an increase in total emissions.
- The cogeneration aspect of the plant design results in a power plant that is more efficient than state of the art merchant power plants. Power is produced using approximately 10% less natural gas per kilowatt-hour than would be used by the most efficient stand-alone power plant.
- The Cogeneration Project is designed to utilize existing infrastructure. The Project will connect to an existing natural gas pipeline that extends from Sumas to the Refinery; it will utilize an existing BPA transmission line located adjacent to BP property; and it will utilize water supply lines and waste water treatment systems used by the Refinery. By utilizing this existing infrastructure, the Project avoids environmental impacts that would otherwise be associated with creating needed infrastructure.
- The project will use air-cooling to minimize consumption of fresh water. Water used by the Cogeneration Project to create steam will also reduce Refinery water use. As a result, the

Cogeneration Project would only increase BP's fresh water consumption by an average of 40 gpm.

- The Cogeneration Project will use existing Refinery infrastructure for wastewater treatment and discharge. The Cogeneration Project would only produce 50 gpm in wastewater and would not materially change any parameter regulated under the Refinery's NPDES permit.
- The Cogeneration Project and its related infrastructure will be located entirely on BP's property, within a 6500-acre area zoned for Heavy Impact Industrial use by Whatcom County. The proposed use of this land is consistent with the Whatcom County Comprehensive Plan, issued May 20, 1997. Since the site is adjacent to BP's Refinery, the Project represents a relatively small incremental addition to land already used for industrial purposes.
- BP is designing a wetlands mitigation plan that will result in a net improvement in wetland functions and values. The project site and lay down areas are located on industrial land that contains some low-value wetlands. BP has previously created high value wildlife habitat and wetlands areas north of the project site, and is designing a plan to create and enhance additional wetland areas to compensate for Project-related wetland impacts.

In addition to minimizing environmental impacts, the project offers benefits to Whatcom County and the region:

- The Project will provide an efficient source of steam and power to the Refinery, which will help insulate it from electricity market price swings. This will help maintain the economic viability of the Refinery as one of the county's largest employers and Whatcom County's largest taxpayer.
- The Cogeneration Project would create hundreds of construction jobs and 30 permanent family-wage operating jobs. It will also result in substantial property, sales and other tax revenues to Whatcom County and Washington State.
- The Project would also help support the electricity infrastructure. The Bonneville Power Administration recently concluded that unless generation is sited in the northern Puget Sound area, additional transmission lines would be required to this area to ensure voltage stability. The Project will help maintain voltage stability without the need for significant new transmission line construction.

EFSEC Process

BP began the EFSEC process more than a year ago by initiating the Potential Site Study process to solicit input from state regulatory agencies and the public on potential environmental issues. Public meetings were held in Whatcom County, and BP's Public and Government Affairs staff sought opinions of affected lawmakers and public officials. The BP Project team visited legislative and regulatory groups in Canada to inform them of the Project and identify their concerns. The Potential Site Study, which was completed on September 28, 2001, yielded valuable insight into stakeholder concerns. These concerns have been evaluated and when found to be significant, additional mitigating features have been incorporated into the design of the Project.

The ASC was prepared in light of the Potential Site Study results and recommendations. BP and its consultant Golder Associates took an extra step to have EFSEC's consultant, Shapiro Associates, review many draft sections of the ASC. This review process resulted in improvements to these sections. BP also prepared the ASC with the general form and content of an Environmental Impact Statement (EIS) to facilitate the timely and efficient preparation of a draft EIS.

To provide for an efficient and productive public hearing process, BP requests that EFSEC issue a notice calling for intervention as soon as possible and further, that interveners be required to identify their issues as the earliest possible time. This would allow issues to be resolved through negotiation early in the process, minimizing the scope of the adjudicatory hearing. BP believes a timely and efficient process is warranted considering the significant amount of effort made to gather input from the public and regulatory agencies during the Potential Site Study, and BP's efforts to incorporate design features into the project to address these issues.

Enclosures

A camera-ready copy of the ASC is enclosed with one digital copy in PDF format. One hundred hard copies of this ASC have also been created and are to be sent to locations as deemed by the EFSEC council (WAC 463-42-055). Also enclosed is a cashier's check in the amount of \$45,000 as a deposit for the cost of processing this ASC (WAC 463-58-020 and WAC 463-58-030). A copy of current land use plans and ordinances within a 25-mile radius of the proposed project site and cultural resources technical reports will be provided under separate cover (WAC 462-42-362). A copy of the BP Cherry Point Refinery Emergency Response Plan will be similarly provided.

WAC 463-42 Waiver Justification

Waivers are requested for five sections of the Washington Administrative Code. The rationale for each requested waiver is presented below:

WAC 463-42-165 Proposal - Water Supply System – The proposed Cogeneration Project will not require any new water intakes or associated facilities to supply water to the Project, nor will acquisition of any additional water rights be required.

WAC 463-42-185 Proposal - Characteristics of Aquatic Discharge Systems – The Cogeneration Project will not discharge wastewater into any watercourses (including creeks, lakes, wetlands, ditches, or the marine environment), or storm drains, and it will not require any new outfalls.

WAC 463-42-362 (1) Relationship to Existing Land Use Plans and to Estimated Populations – BP has submitted a copy of Whatcom County's adopted land use plan and zoning ordinance as an attachment to this cover letter. A waiver is requested from this section's requirement that the applicant submit all adopted land use plans within a 25-mile radius of the project site. The Project site is located entirely within Whatcom County, and therefore, only Whatcom County's land use ordinances and regulations would typically be relevant to development at the site.

WAC 463-42-435 NPDES Application – A waiver is requested for the NPDES permit for industrial wastewater discharge because the Cogeneration Project will discharge water to the Refinery for treatment in its wastewater system. The Refinery has its own NPDES permit, and prior to operation of the Cogeneration Project, the Refinery would revise its permit to include this additional waste stream. The Cogeneration Project has submitted applications for NPDES permits covering storm water discharge during both construction and operation.

WAC 463-42-625 Criteria, Standards and Factors Utilized to Develop Transmission route – This ASC requires definition of the factors that were used to select the route for the 0.8-mile transmission line from the Cogeneration Project to the existing BPA transmission line. BP seeks a waiver from the portion of this regulation that requests detailed information about the design criteria for the transmission line because the design criteria will be governed by Bonneville Power Administration (BPA) specifications and the interconnection agreement BP enters into with BPA.

BP's Organization and Affiliations

This section is intended to fulfill the requirements of WAC 463-42-015. BP West Coast Products,

LLC is a wholly owned subsidiary of BP, p.l.c. The BP Cherry Point Refinery is one of the assets of BP West Coast Products, LLC.

BP is currently the sole applicant for the Cogeneration Project. It was initially BP's intention to own the entire Cogeneration Project. This ownership arrangement remains a possibility, but it is also possible that once BP obtains a permit, it might invite another company to participate in management, development and construction of the Cogeneration Project in exchange for equity interest. BP will keep EFSEC informed of any potential changes in ownership interest of the project.

Contact Information

Mike Torpey is the designated agent per WAC 463-42-025. Mike may be contacted as follows:

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Assurances

All information currently known to BP that has a bearing on site certification is provided in the attached ASC. This ASC contains the best available current information for the project and reflects BP's intentions (WAC 463-42-065). All EFSEC application requirements have been reviewed by BP, the data have been prepared by qualified professional personnel, and the application is substantially complete (WAC 463-42-115).

Sincerely,

Rick E. Porter
Business Unit Leader
Cherry Point Refinery Business Unit